

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2010

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

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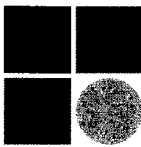
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Financial Statements With Independent Auditors' Report
For the Year Ended June 30, 2010

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Certified
Public
Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

We have audited the accompanying financial statements of **Unified School District No. 315 Colby, Kansas**, as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of **Unified School District No. 315 Colby, Kansas'** management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide* and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and the audit guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

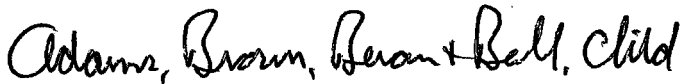
As described more fully in Note 1, **Unified School District No. 315 Colby, Kansas**, has prepared these financial statements using accounting practices prescribed or permitted by the State of Kansas, whose practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 315 Colby, Kansas**, as of June 30, 2010, or the changes in its financial position for the year then ended. Further, **Unified School District No. 315 Colby, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each fund of **Unified School District No. 315 Colby, Kansas**, as of June 30, 2010, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Unified School District No. 315 Colby, Kansas'** financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 20, 2010

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Categories							
General Funds							
General Fund	\$ (567,618)	-	6,600,129	6,500,885	(468,374)	55,235	(413,139)
Supplemental General Fund	(62,748)	-	2,174,675	2,129,990	(18,063)	41,308	23,245
Special Revenue Funds							
Bilingual Education Fund	-	-	15,000	5,709	9,291	-	9,291
Capital Outlay Fund	448,758	-	31,498	81,449	398,807	53,025	451,832
Driver Education Fund	6,216	-	12,856	10,077	8,995	-	8,995
Food Service Fund	72,771	-	432,127	388,745	116,153	-	116,153
Professional Development Fund	72,923	-	31,822	31,983	72,762	56	72,818
Special Education Fund	154,505	-	1,574,006	1,380,454	348,057	7,280	355,337
Vocational Education Fund	50,000	-	415,230	384,235	80,995	51,670	132,665
KPERS Special Retirement Contribution Fund	-	-	356,853	356,853	-	-	-
Contingency Reserve Fund	489,680	-	100,000	72,050	517,630	-	517,630
At Risk Fund (K-12)	49,997	-	572,147	471,769	150,375	25,857	176,232
Textbook Rental Fund	22,925	-	26,786	26,590	23,121	11,880	35,001
Title IV Drug Free Schools Fund	-	-	3,794	3,794	-	290	290
USD No. 315 Drug Free Fund	250	-	-	-	250	-	250
Title I Low Income Fund	9,075	-	174,283	167,493	15,865	1,848	17,713
Title IIA Teacher Quality Fund	13,239	-	52,525	52,280	13,484	2,351	15,835
Title IID Education Technology Fund	-	-	73,192	72,957	235	69,488	69,723
Carl Perkins Grant Fund	212	-	45,246	45,458	-	4,903	4,903
School To Careers Fund	711	-	-	148	563	-	563
Virtual Education Fund	-	-	1,000	500	500	-	500
District Activity Funds	75,218	-	208,373	190,888	92,703	-	92,703
Debt Service Fund							
Bond and Interest Fund	465,302	-	2,674,403	2,592,192	547,513	-	547,513
Proprietary Fund Category							
Internal Service Fund							
District Insurance Pool Fund	1,081,978	-	1,337,066	1,336,100	1,082,944	-	1,082,944
Fiduciary Fund Category							
Private Purpose Trust Fund							
Private Purpose Trust Fund	45,606	-	3,587	900	48,293	-	48,293
Total Reporting Entity (Excluding Agency Funds)	\$ 2,429,000	-	16,916,598	16,303,499	3,042,099	325,191	3,367,290

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Composition of Cash:

Checking Accounts	\$ 2,587,210
Savings Accounts	56,568
Money Market Accounts	163,141
NOW Accounts	149,138
Certificates of Deposit	535,960
Petty Cash	1,500
Cash on Hand	200
Total Cash	3,493,717
Agency Funds per Statement 4	<u>(126,427)</u>
Total Reporting Entity (Excluding Agency Funds)	\$ <u>3,367,290</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary of Expenditures - Actual and Budget
For the Year Ended June 30, 2010

Funds	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance Over (Under)
Governmental Fund Categories						
General Funds						
General Fund	\$ 6,632,805	(146,805)	14,885	6,500,885	6,500,885	-
Supplemental General Fund	2,129,990	-	-	2,129,990	2,129,990	-
Special Revenue Funds						
Bilingual Education Fund	7,500	-	-	7,500	5,709	(1,791)
Capital Outlay Fund	448,285	-	-	448,285	81,449	(366,836)
Driver Education Fund	11,475	-	-	11,475	10,077	(1,398)
Food Service Fund	521,670	-	-	521,670	388,745	(132,925)
Professional Development Fund	68,203	-	-	68,203	31,983	(36,220)
Special Education Fund	1,530,726	-	-	1,530,726	1,380,454	(150,272)
Vocational Education Fund	401,350	-	-	401,350	384,235	(17,115)
KPERS Special Retirement Contribution Fund	436,608	-	-	436,608	356,853	(79,755)
At Risk (K-12) Fund	517,147	-	-	517,147	471,769	(45,378)
Virtual Education Fund	500	-	-	500	500	-
Debt Service Fund						
Bond and Interest Fund	2,613,776	-	-	2,613,776	2,592,192	(21,584)

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,004,156	1,124,255	986,508	137,747
Delinquent Tax	-	15,538	10,537	5,001
Intergovernmental Revenues				
Equalization Aid	4,988,784	4,286,111	4,329,615	(43,504)
Special Education Aid	1,046,262	855,756	855,756	-
Other State Aid	4,755	3,420	-	3,420
Federal Aid - ARRA	-	303,784	303,784	-
Other Federal Aid	-	1,004	-	1,004
Reimbursements	7,288	10,261	-	10,261
Total Cash Receipts	<u>7,051,245</u>	<u>6,600,129</u>	<u>6,486,200</u>	<u>113,929</u>
Expenditures				
Instruction	2,649,016	2,603,487	2,579,358	24,129
Student Support Services	134,815	100,930	135,553	(34,623)
Instructional Support Services	281,988	245,333	277,112	(31,779)
General Administration	189,821	200,436	201,145	(709)
School Administration	419,471	415,501	429,098	(13,597)
Operations and Maintenance	829,015	703,537	894,697	(191,160)
Student Transportation Services	312,384	256,030	289,180	(33,150)
Other Supplemental Services	105,374	95,155	115,895	(20,740)
Transfers Out	2,249,399	1,880,476	1,710,767	169,709
Adjustment to Comply with Legal Max	-	-	(146,605)	146,605
Legal General Fund Budget	<u>7,171,283</u>	<u>6,500,885</u>	<u>6,486,200</u>	<u>14,685</u>
(a) Adjustment for Qualifying Budget Credits	-	-	14,685	(14,685)
Total Expenditures	<u>7,171,283</u>	<u>6,500,885</u>	<u>6,500,885</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(120,038)	99,244		
Unencumbered Cash - Beginning	<u>(447,580)</u>	<u>(567,618)</u>		
Unencumbered Cash - Ending	\$ <u>(567,618)</u>	<u>(468,374)</u>		
(a) Adjustment for Qualifying Budget Credits				
Reimbursements Over Amount Budgeted			\$ 10,261	
Other State Aid Over Amount Budgeted			3,420	
Other Federal Aid Over Amount Budgeted			1,004	
Total			\$ <u>14,685</u>	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Supplemental General Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 1,188,075	1,195,573	84,888	1,110,685
Delinquent Tax	-	19,138	12,518	6,620
Motor Vehicle Tax	171,944	168,219	147,256	20,963
Recreational Vehicle Tax	2,015	2,166	1,753	413
Excise Tax	411	437	-	437
Intergovernmental Revenues				
Equalization Aid	678,488	587,479	799,385	(211,906)
Federal Aid - ARRA	-	201,663	-	201,663
Total Cash Receipts	<u>2,040,933</u>	<u>2,174,675</u>	<u>1,045,800</u>	<u>1,128,875</u>
Expenditures				
Instruction	469,000	368,871	624,143	(255,272)
Student Support Services	33,751	29,728	54,286	(24,558)
Instructional Support Services	329,861	220,212	407,646	(187,434)
General Administration	8,280	8,640	13,373	(4,733)
School Administration	79,227	64,818	101,908	(37,090)
Operations and Maintenance	131,080	142,544	255,467	(112,923)
Other Supplemental Services	48,422	44,208	58,167	(13,959)
Transfers Out	1,061,888	1,250,969	615,000	635,969
Total Expenditures	<u>2,161,509</u>	<u>2,129,990</u>	<u>2,129,990</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	(120,576)	44,685		
Unencumbered Cash - Beginning	<u>57,828</u>	<u>(62,748)</u>		
Unencumbered Cash - Ending	<u>\$ (62,748)</u>	<u>(18,063)</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Bilingual Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 8,500	15,000	7,500	7,500
Expenditures				
Instruction	8,500	5,709	7,500	(1,791)
Cash Receipts Over (Under) Expenditures	-	9,291		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	9,291		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Capital Outlay Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Interest on Idle Funds	\$ 11,362	4,779	-	4,779
Sale of Property	-	6,619	-	6,619
Reimbursements	9,593	9,481	12,000	(2,519)
Rent	1,294	10,619	-	10,619
Total Cash Receipts	<u>22,249</u>	<u>31,498</u>	<u>12,000</u>	<u>19,498</u>
Expenditures				
Instruction	-	6,474	273,285	(266,811)
Student Support Services	-	-	125,000	(125,000)
Operations and Maintenance	-	68,508	-	68,508
Site Improvement	21,972	6,467	50,000	(43,533)
Total Expenditures	<u>21,972</u>	<u>81,449</u>	<u>448,285</u>	<u>(366,836)</u>
Cash Receipts Over (Under) Expenditures	277	(49,951)		
Unencumbered Cash - Beginning	<u>448,481</u>	<u>448,758</u>		
Unencumbered Cash - Ending	<u>\$ 448,758</u>	<u>398,807</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Driver Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 1,254	1,700	1,750	(50)
Fees	5,346	6,156	-	6,156
Transfers In	5,095	5,000	5,000	-
Total Cash Receipts	<u>11,695</u>	<u>12,856</u>	<u>6,750</u>	<u>6,106</u>
Expenditures				
Instruction	8,444	9,552	9,294	258
Operations and Maintenance	865	525	2,181	(1,656)
Total Expenditures	<u>9,309</u>	<u>10,077</u>	<u>11,475</u>	<u>(1,398)</u>
Cash Receipts Over (Under) Expenditures	2,386	2,779		
Unencumbered Cash - Beginning	<u>3,830</u>	<u>6,216</u>		
Unencumbered Cash - Ending	\$ <u>6,216</u>	<u>8,995</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Food Service Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 5,018	4,760	5,321	(561)
Federal Aid	161,483	166,608	171,722	(5,114)
Charges for Services	191,228	180,759	186,545	(5,786)
Transfers In	75,000	80,000	85,000	(5,000)
Total Cash Receipts	432,729	432,127	448,588	(16,461)
Expenditures				
Food Service Operation	436,083	388,745	521,670	(132,925)
Cash Receipts Over (Under) Expenditures	(3,354)	43,382		
Unencumbered Cash - Beginning	76,125	72,771		
Unencumbered Cash - Ending	\$ 72,771	116,153		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Professional Development Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenues				
State Aid	\$ 1,300	-	-	-
Federal Aid	6,605	-	-	-
Miscellaneous Income	3,425	4,089	-	4,089
Transfers In	60,000	27,733	50,000	(22,267)
Total Cash Receipts	71,330	31,822	50,000	(18,178)
Expenditures				
Instructional Support Services	56,136	31,406	65,704	(34,298)
Other Supplemental Services	2,505	577	2,499	(1,922)
Total Expenditures	58,641	31,983	68,203	(36,220)
Cash Receipts Over (Under) Expenditures	12,689	(161)		
Unencumbered Cash - Beginning	60,234	72,923		
Unencumbered Cash - Ending	\$ 72,923	72,762		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Special Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
Federal Aid - ARRA	\$ -	52,326	-	52,326
Other Revenue From Local Sources	13,319	4,185	57,214	(53,029)
Transfers In	1,509,744	1,517,495	1,371,911	145,584
Total Cash Receipts	<u>1,523,063</u>	<u>1,574,006</u>	<u>1,429,125</u>	<u>144,881</u>
Expenditures				
Instruction	1,264,871	1,125,526	1,293,589	(168,063)
Student Support Services	179,704	177,607	185,628	(8,021)
Instructional Support Services	23,609	48,903	24,129	24,774
Student Transportation Services	25,374	28,418	27,380	1,038
Total Expenditures	<u>1,493,558</u>	<u>1,380,454</u>	<u>1,530,726</u>	<u>(150,272)</u>
Cash Receipts Over (Under) Expenditures	29,505	193,552		
Unencumbered Cash - Beginning	<u>125,000</u>	<u>154,505</u>		
Unencumbered Cash - Ending	<u>\$ 154,505</u>	<u>348,057</u>		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Vocational Education Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 453,662	415,230	351,350	63,880
Expenditures				
Instruction	395,988	379,114	389,839	(10,725)
Operations and Maintenance	7,674	5,121	11,511	(6,390)
Total Expenditures	403,662	384,235	401,350	(17,115)
Cash Receipts Over (Under) Expenditures	50,000	30,995		
Unencumbered Cash - Beginning	-	50,000		
Unencumbered Cash - Ending	\$ 50,000	80,995		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
KPERS Special Retirement Contribution Fund
 Statement of Cash Receipts and Expenditures - Actual and Budget
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Intergovernmental Revenue				
State Aid	\$ 382,989	356,853	436,608	(79,755)
Expenditures				
Instruction	241,283	224,816	275,108	(50,292)
Student Support	15,320	14,274	17,464	(3,190)
Instructional Support	22,979	21,411	26,196	(4,785)
General Administration	11,490	10,706	13,098	(2,392)
School Administration	19,149	17,843	21,830	(3,987)
Other Supplemental Services	3,830	3,569	4,322	(753)
Operations and Maintenance	30,639	28,548	34,929	(6,381)
Student Transportation Services	11,490	10,706	13,098	(2,392)
Food Service	26,809	24,980	30,563	(5,583)
Total Expenditures	382,989	356,853	436,608	(79,755)
Cash Receipts Over (Under) Expenditures	-	-		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	-		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Contingency Reserve Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers In	\$ 488,649	100,000
Expenditures		
Instruction	-	72,050
Cash Receipts Over (Under) Expenditures	488,649	27,950
Unencumbered Cash - Beginning	1,031	489,680
Unencumbered Cash - Ending	\$ 489,680	517,630

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
At-Risk Fund (K-12)
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ 487,797	572,147	454,506	117,641
Expenditures				
Instruction	437,800	471,769	517,147	(45,378)
Cash Receipts Over (Under) Expenditures	49,997	100,378		
Unencumbered Cash - Beginning	-	49,997		
Unencumbered Cash - Ending	\$ 49,997	150,375		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Textbook Rental Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Book Rental Fees	\$ 24,058	26,786
Expenditures		
Instruction	1,872	26,590
Cash Receipts Over (Under) Expenditures	22,186	196
Unencumbered Cash - Beginning	739	22,925
Unencumbered Cash - Ending	\$ 22,925	23,121

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title IV Drug Free Schools Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue	\$ 3,036	3,794
Federal Aid		
Expenditures		
Student Support Services	3,036	3,794
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
USD No. 315 Drug Free Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures	-	-
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	250	250
Unencumbered Cash - Ending	\$ 250	250

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title I Low Income Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenues		
Federal Aid	\$ 130,409	141,043
Federal Aid - ARRA	-	33,240
	<u>130,409</u>	<u>174,283</u>
Total Cash Receipts		
Expenditures		
Instruction	128,721	167,493
Student Support Services	2,376	-
General Administration	907	-
	<u>132,004</u>	<u>167,493</u>
Total Expenditures		
Cash Receipts Over (Under) Expenditures	(1,595)	6,790
Unencumbered Cash - Beginning	<u>10,670</u>	<u>9,075</u>
Unencumbered Cash - Ending	<u>\$ 9,075</u>	<u>15,865</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title IIA Teacher Quality Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental Revenue	\$ 53,893	52,525
Federal Aid		
Expenditures		
Instruction	<u>44,073</u>	<u>52,280</u>
Cash Receipts Over (Under) Expenditures	9,820	245
Unencumbered Cash - Beginning	<u>3,419</u>	<u>13,239</u>
Unencumbered Cash - Ending	<u>\$ 13,239</u>	<u>13,484</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Title IID Education Technology Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Federal Aid	\$ 1,246	73,192
Expenditures		
Instruction	1,246	72,957
Cash Receipts Over (Under) Expenditures	-	235
Unencumbered Cash - Beginning	-	-
Unencumbered Cash - Ending	\$ -	235

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Carl Perkins Grant Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental Revenue	\$ 31,580	45,246
Federal Aid		
Expenditures		
Returned Federal Aid	-	212
Curriculum Development	25,590	45,246
Total Expenditures	25,590	45,458
Cash Receipts Over (Under) Expenditures	5,990	(212)
Unencumbered Cash - Beginning	(5,778)	212
Unencumbered Cash - Ending	\$ 212	-

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
School To Careers Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts	\$ -	-
Expenditures		
Instruction	-	148
Cash Receipts Over (Under) Expenditures	-	(148)
Unencumbered Cash - Beginning	711	711
Unencumbered Cash - Ending	\$ 711	563

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Virtual Education Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Transfers In	\$ -	1,000	500	500
Expenditures				
Instruction	-	500	500	-
Cash Receipts Over (Under) Expenditures	-	500		
Unencumbered Cash - Beginning	-	-		
Unencumbered Cash - Ending	\$ -	500		

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Thomas County Academy Fund
Statement of Cash Receipts and Expenditures
For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Intergovernmental Revenue	\$ 43,012	-
Federal Aid		
Expenditures		
Instruction	<u>43,012</u>	<u>-</u>
Cash Receipts Over (Under) Expenditures	-	-
Unencumbered Cash - Beginning	<u>-</u>	<u>-</u>
Unencumbered Cash - Ending	<u>\$ -</u>	<u>-</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Bond and Interest Fund
Statement of Cash Receipts and Expenditures - Actual and Budget
For the Year Ended June 30, 2010
(With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year		Variance Over (Under)
		Actual	Budget	
Cash Receipts				
Taxes and Shared Revenues				
Ad Valorem Tax	\$ 355,899	431,892	397,389	34,503
Delinquent Tax	-	6,567	3,745	2,822
Motor Vehicle Tax	59,581	51,580	45,116	6,464
Recreational Vehicle Tax	701	664	537	127
Excise Tax	150	135	-	135
Other Revenue	-	1	-	1
GO Bond Proceeds	-	2,010,000	-	2,010,000
Original Issue Premium on Bonds	-	57,571	-	57,571
Accrued Interest	-	1,311	-	1,311
Intergovernmental Revenue				
State Aid	120,787	114,682	114,682	-
Total Cash Receipts	<u>537,118</u>	<u>2,674,403</u>	<u>561,469</u>	<u>2,112,934</u>
Expenditures				
Principal	435,000	2,475,000	450,000	2,025,000
Interest	114,029	83,954	96,205	(12,251)
Underwriter Discount	-	15,075	-	15,075
Cost of Issuance	-	18,163	-	18,163
(a) Adjustment for Qualifying Budget Credits	-	-	2,067,571	(2,067,571)
Total Expenditures	<u>549,029</u>	<u>2,592,192</u>	<u>2,613,776</u>	<u>(21,584)</u>
Cash Receipts Over (Under) Expenditures	(11,911)	82,211		
Unencumbered Cash - Beginning	<u>477,213</u>	<u>465,302</u>		
Unencumbered Cash - Ending	<u>\$ 465,302</u>	<u>547,513</u>		
(a) Adjustment for Qualifying Budget Credits				
GO Bond Proceeds			\$ 2,010,000	
Original Issue Premium on Bonds			57,571	
Total			<u>\$ 2,067,571</u>	

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
District Insurance Pool Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year Actual	Current Year Actual
Cash Receipts		
Intergovernmental Revenue		
Insurance Premiums	\$ 959,794	925,275
Interest on Idle Funds	8,039	7,217
Miscellaneous Income	-	6,734
Transfers In	222,840	397,840
Total Cash Receipts	1,190,673	1,337,066
Expenditures		
Insurance Claims	973,392	1,336,100
Cash Receipts Over (Under) Expenditures	217,281	966
Unencumbered Cash - Beginning	864,697	1,081,978
Unencumbered Cash - Ending	\$ 1,081,978	1,082,944

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Private Purpose Trust Fund
 Statement of Cash Receipts and Expenditures
 For the Year Ended June 30, 2010
 (With Comparative Actual Totals for the Prior Year Ended June 30, 2009)

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Memorials/Donations	\$ 534	3,455
Interest on Idle Funds	<u>589</u>	<u>132</u>
Total Cash Receipts	1,123	3,587
Expenditures		
Scholarships	<u>900</u>	<u>900</u>
Cash Receipts Over (Under) Expenditures	223	2,687
Unencumbered Cash - Beginning	<u>45,383</u>	<u>45,606</u>
Unencumbered Cash - Ending	\$ <u><u>45,606</u></u>	<u><u>48,293</u></u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

Funds	Beginning Cash Balance	Cash Receipts	Expenditures	Ending Cash Balance
Activity Funds - Student Organizations				
Colby High School				
AFS Club	\$ 1	-	1	-
Math Club	343	-	343	-
Band Club	2,311	2,927	4,835	403
CHS Singers	186	-	107	79
Cheerleader Club	1,881	6,213	4,950	3,144
Drill Team	615	25,918	26,073	460
Drama	1,279	6,884	4,533	3,630
Choir Club	696	1,739	219	2,216
Cosmic Crayon	375	346	286	435
FCA	97	900	407	590
FCCLA	632	351	36	947
FFA	5,607	10,763	8,855	7,515
Entrepreneurship Class	3,187	12,309	11,757	3,739
Eagle Talon	2,225	1,749	2,012	1,962
Forensics	1,275	16,695	15,934	2,036
National Honor Society	2,021	2,879	878	4,022
Science Club	1,114	-	1,114	-
Tech Lab	4	-	-	4
Service Club	276	1,269	1,334	211
International Club	766	8	123	651
Student Council	5,352	3,727	3,616	5,463
SADD	1,019	15	366	668
Computer Lab	214	-	214	-
Class of 2007	536	-	476	60
Class of 2008	137	-	-	137
Class of 2009	1,008	-	216	792
Class of 2010	2,940	376	2,686	630
Class of 2011	1,555	11,588	10,786	2,357
Class of 2012	-	3,300	1,378	1,922
Supporting Our Students	664	-	-	664
Student Leadership Project	370	-	370	-
TSA Club	4,191	9,745	5,092	8,844
Scholars Bowl	332	565	686	211
Musical Festival	3,119	1,625	2,452	2,292
Teachers Lounge	447	429	25	851
Career Center Special	670	5,619	4,184	2,105
Student Welfare	1,666	-	600	1,066
New York Trip	6	-	6	-
Money Market Interest	1,555	236	1,675	116
Reimbursements	5	-	5	-
Tile Project	77	-	77	-
Senior Video	267	-	-	267
C-Club	20	-	-	20
Jim Donn Basketball Memorial	-	825	-	825
Marching Band Trip	-	50,401	50,401	-
Total Colby High School	51,041	179,401	169,108	61,334

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Agency Funds

Summary of Cash Receipts and Cash Disbursements
For the Year Ended June 30, 2010

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Expenditures</u>	<u>Ending Cash Balance</u>
Activity Funds - Student Organizations				
Colby Middle School				
Activity Club	977	2,284	2,794	467
Cheerleaders	1,960	1,009	1,855	1,114
Kids in Charge	409	3,908	3,545	772
Business Partners	456	-	-	456
Alcohol/Drug Prevention	2,268	-	120	2,148
Technology Student Association	391	470	619	242
Band Club	796	6,123	3,112	3,807
Vocal Music Club	629	2,296	1,595	1,330
Scholars Bowl	289	918	666	541
TSA/TCA Replacement/Enhance	133	-	-	133
CMS Office Miscellaneous Revenue	2,445	1,305	372	3,378
Thomas County Academy	1,915	1,225	2,107	1,033
Pop Fund	1,750	350	646	1,454
Total Colby Middle School	<u>14,418</u>	<u>19,888</u>	<u>17,431</u>	<u>16,875</u>
Colby High School Alumni Association	<u>13,247</u>	<u>80,711</u>	<u>45,740</u>	<u>48,218</u>
Total Student Activity Funds	<u>\$ 78,706</u>	<u>280,000</u>	<u>232,279</u>	<u>126,427</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
District Activity Funds
Summary of Cash Receipts, Expenditures, and Unencumbered Cash
For the Year Ended June 30, 2010

Funds	Beginning Unencumbered Cash Balance	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Outstanding Encumbrances and Accounts Payable	Ending Cash Balance
Gate Receipts						
High School						
Athletics	\$ 33,699	156,563	139,506	50,756	-	50,756
Concessions	1,242	7,964	8,384	822	-	822
Total High School	<u>34,941</u>	<u>164,527</u>	<u>147,890</u>	<u>51,578</u>	<u>-</u>	<u>51,578</u>
Middle School						
Athletics	20,663	10,816	9,527	21,952	-	21,952
Concessions	169	914	582	501	-	501
Total Middle School	<u>20,832</u>	<u>11,730</u>	<u>10,109</u>	<u>22,453</u>	<u>-</u>	<u>22,453</u>
Total Gate Receipts	<u>55,773</u>	<u>176,257</u>	<u>157,999</u>	<u>74,031</u>	<u>-</u>	<u>74,031</u>
School Projects						
High School						
Yearbook	8,455	11,975	14,229	6,201	-	6,201
Academic Contributions	229	203	319	113	-	113
Library - Special	97	-	97	-	-	-
Total High School	<u>8,781</u>	<u>12,178</u>	<u>14,645</u>	<u>6,314</u>	<u>-</u>	<u>6,314</u>
Middle School						
Industrial Arts	131	-	-	131	-	131
Yearbook	3,042	2,745	3,083	2,704	-	2,704
Guided Reading Program	500	325	742	83	-	83
Art	154	10	-	164	-	164
Total Middle School	<u>3,827</u>	<u>3,080</u>	<u>3,825</u>	<u>3,082</u>	<u>-</u>	<u>3,082</u>
Grade School						
General - School	1,423	3,201	2,275	2,349	-	2,349
Library	1,206	8	-	1,214	-	1,214
Supplemental Materials/Books	67	104	15	156	-	156
Playground Equipment Fundraiser	1,252	162	-	1,414	-	1,414
Music	1,085	3,516	1,472	3,129	-	3,129
Soaring Singers	289	3,682	3,677	294	-	294
Post Office	57	-	-	57	-	57
Foster Grandparent Fund	186	-	-	186	-	186
Teacher/Staff Special Occasions	583	1,180	1,700	63	-	63
Teachers PTO Grant	-	2,101	1,829	272	-	272
Teacher Vending	689	2,904	3,451	142	-	142
Total Grade School	<u>6,837</u>	<u>16,858</u>	<u>14,419</u>	<u>9,276</u>	<u>-</u>	<u>9,276</u>
Total School Projects	<u>19,445</u>	<u>32,116</u>	<u>32,889</u>	<u>18,672</u>	<u>-</u>	<u>18,672</u>
Total District Activity Funds	<u>\$ 75,218</u>	<u>208,373</u>	<u>190,888</u>	<u>92,703</u>	<u>-</u>	<u>92,703</u>

The notes to the financial statements are an integral part of this statement.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unified School District No. 315 Colby, Kansas has established a uniform system of accounting maintained to reflect compliance with the applicable laws of the State of Kansas. The accompanying financial statements are presented to conform to the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The following is a summary of such significant policies.

Reporting Entity

The District is a municipal corporation governed by an elected seven-member board. The financial statements of the District consist of all the funds of the District that are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board. This District has no such entities under its control.

Use of Estimates

The preparation of financial statements on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas requires management to make estimates and assumptions that affect the reported amount of unencumbered cash balances and accounts payable during the reporting period. Actual results could differ from these estimates.

Basis of Presentation – Fund Accounting

The accounts of the District are organized and operated on the basis of funds. In governmental accounting, a fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The following categories of funds comprise the financial activities of the District for the year ended June 30, 2010.

Governmental Fund Categories

General Fund – to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds – to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds – to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Fund Category

Internal Service Fund – to account for the financing of health insurance for the District on a cost reimbursement basis.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Categories

Private Purpose Trust Funds – to account for assets held by the District as trustee or agent for others. The principal and income of these funds may be expended in the course of the fund's designated operations.

Agency Funds – to account for assets held by the District as trustee or agent for others.

Student Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from student activity organizations in which the students participate and are involved in the management of the organization's activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The student organization approves the expenditure, not the Board of Education. This accounting reflects the District's agency relationship with the student activity organizations.

District Activity Funds – an agency fund that accounts for the receipts and disbursements of monies from District activities. These organizations exist with the explicit approval of and are subject to revocation by the District's Board of Education. The students participate in the activities, but the board of education has control of the expenditures. This accounting reflects the District's agency relationship with the student activity organizations.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the District to use the statutory basis of accounting.

Departure From Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expenses, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year end do not constitute expenditures or liabilities. Consequently, the expenditures as reported do not present the cost of goods and services received during the fiscal year in accordance with generally accepted accounting principles. Capital assets that account for the land, buildings, and equipment owned by the District are not presented in the financial statements. Also, long-term debt such as general obligation bonds, revenue bonds, capital leases, temporary notes, and compensated absences are not presented in the financial statements.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget.

- a. Preparation of the budget for the succeeding calendar year on or before August 1st.
- b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
- c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.
- d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication the hearing may be held and the governing body may amend the budget at that time. There was one budget amendment for this year for the At Risk Fund (K-12).

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, in which, revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for internal service funds, fiduciary funds, permanent funds, and the following special revenue funds: Contingency Reserve Fund, Textbook Rental Fund, Title IV Drug Free Schools Fund, USD No. 315 Drug Free Fund, Title I Low Income Fund, Title IIA Teacher Quality Fund, Title IID Education Technology Fund, Carl Perkins Grant Fund, School to Careers Fund, and District Activity Funds.

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Deposits and Investments

The District follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized by fund category in the summary of cash receipts, expenditures, and unencumbered cash.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located, or in an adjoining county if such institution has designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 9-1405.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The District does not use "peak periods". All deposits were legally secured at June 30, 2010.

At June 30, 2010, the District's carrying amount of deposits was \$3,493,717 and the bank balance was \$4,195,537. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, \$3,796,399 was covered by federal depository insurance and \$399,138 was collateralized with securities held by pledging financial institutions' agents in the District's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The District had no investments at June 30, 2010.

Compensated Absences

Vacation

Twelve month classified staff receive 10 days of vacation leave after 1 year of employment. After 10 years with the District, an additional 5 days are awarded. This leave is non-accumulative unless approved by the supervisor and Superintendent. Unused vacation time may be taken at the time of termination if approved by the Superintendent.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 1– SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick Leave

All staff working above 20 hours a week qualify for sick leave. Both licensed and 12 month classified staff receive 10 days sick leave per year, which is applicable to their own personal illness/injury, their children, spouse, parents, accumulative to a maximum of 80 days (licensed staff) and 70 days (classified staff). No classified staff member begins a new contract year with more than 70 days. No licensed staff member begins a new contract year with more than 80 days.

In addition, two days of emergency leave may be granted for emergencies at the discretion of the supervisor. Emergency leave is non-accumulative. Three days of bereavement leave is available per occurrence for leave due to the death in the staff member's immediate family (parent, grandparent, sibling, spouse, child, grandchild). All clerical staff receive one day of discretionary leave per year.

Licensed personnel with 20 years of service to USD 315 are compensated for 10 days of unused sick leave (if available) upon leaving the District. The rate of compensation is the current daily substitute rate (2009-10 \$85/day).

A sick leave bank is available to licensed non-administrative personnel. Participation is voluntary, and staff are eligible to participate upon accumulation of one day of sick leave. Participation will commence upon the deposit of one day of sick leave to the sick leave bank, and annual deposits are made until five days have been deposited. The bank's capacity is 400 days, and deposits made in excess of the 400 days are forfeited. Staff members who have more than 70 days of sick leave accumulated at the end of the school year may donate up to three of their excess days to the bank. A participant may request days from the bank after exhausting their available sick leave and making a one day salary deduction. The balance of compensated absences, as shown in Note 9, reflects the accumulation of the sick leave bank vested and payable at year-end.

Deferred Compensation Plan

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Employees working over 17 hours a week are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

Early Retirement

Professional employees may retire from employment with the District at the end of any contract year in which they meet the eligibility requirements. The requirements include the following: 1) the employee is currently a professional employee of the district, 2) the employee is not less than 55 years of age, or meets the KPERS provision for early retirement, 3) the employee has at least 10 years of employment in the District immediately prior to the request for early retirement, and if a majority of the 10 years of service have been full-time, employees who are otherwise qualified are entitled to the following benefits: A) A monthly amount of \$150 which may only be applied toward health and accident coverage. This benefit will continue during the period when the employee is receiving early retirement benefits from the District. B) Additional coverage may be purchased for family members who qualify for such benefits. C) Payments shall be made beginning with the July payroll of the year the retiree is eligible to begin receiving benefits. The yearly benefit is computed by applying various percentages based on the year of retirement to the employee's highest salary as determined by KPERS. D) The maximum number of years a retiree can receive this benefit is 10. The benefits end in the contract year in which the retiree reaches 65 years of age, or on the death of the retiree, in which case the benefits will be pro-rated on a daily basis beginning with July 1 of the contract year in which the death occurs. During the year ended June 30, 2010, payments to early retirees totaled \$57,007, and the cost of insurance benefits for year ended June 30, 2010, totaled \$12,600.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Defined Benefit Pension Plan

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs (611 S Kansas, Suite 100; Topeka, KS 66603-3869) or by calling 1-888-275-5737.

Funding Policy

K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 8.57% of covered payroll and 16.07% for non-licensed KPERs retirees and 20.07% for licensed KPERs retirees. These contribution requirements are established by KPERs and are periodically revised. The State of Kansas' contributions to KPERs for all Kansas public school employees for the years ending June 30, 2010, 2009 and 2008 were \$248,468,186, \$242,277,363, and \$220,815,154, respectively, equal to the required contributions for each year.

Other Post Employment Benefits

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

The District established a Voluntary Separation Incentive Payment (VSIP) to be offered to its professional employees for the 2009-2010 school year only. The terms of the VSIP were that the employee was seeking voluntary participation in the VSIP and in the voluntary termination of the employee's licensed employment with the District and the employee had met all of the eligibility requirements in the VSIP set forth in the VSIP approved by the Board on April 5, 2010. Professional employees qualified for this incentive if they:

- a. were currently a professional employee of the District
- b. had 85 points with KPERs on or before August 31, 2010
- c. had 10 years of employment in the District and a majority of the 10 years had been full-time service.

The benefit paid to eligible employees was calculated by the following formula:

- a. \$150 times the number of years of service with the District in a teaching/professional capacity, plus;
- b. \$5,000 if the employee had 10 through 14 years of service with the District, or \$7,500 if the employee had 15 through 19 years of service with the District, or \$10,000 if the employee had 20 or more years of service with the District.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Five employees took advantage of this incentive. During the year ended June 30, 2010, the District paid \$72,050 in incentive payments to qualifying employees.

Property Tax Calendar

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Property taxes are collected and remitted to the County Treasurer. Taxes levied annually on November 1st are due one-half by December 20th and one-half by May 10th. Major tax distributions are made in the months of December through July. Lien dates for personal property are in March and August and lien dates for real property are in September. Taxes are recognized as revenue in the year received. Delinquent tax payments are recognized as revenue in the year received.

Restricted Assets

Restricted cash balances are reported in various funds that are legally restricted for specified uses such as the payment of debt service and fiscal fees on long-term debt and for expenditures approved in federal and state grant contracts. Also, cash is restricted in the agency funds of the District for special purposes.

Reimbursements

The records reimbursable expenditures (or expenses) in the fund that makes the disbursement and records reimbursements as revenue to the fund.

NOTE 2 – SELF INSURANCE PLANS

Health Care Coverage

During the year ended June 30, 2010, employees of **Unified School District No. 315 Colby, Kansas** were covered by the District's medical self-insurance plan (the "plan"). The District's plan is a paid contract, with all unused reserved fund classified as unencumbered at the fiscal year end. The monthly premium contributed is approximately \$895 per family and \$395 per individual. The District contributes \$360 per month per participating employee, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the District. The Administration contract between the District and the third party administration is renewable annually and administration fees are included in the contractual provisions. The District was protected against unanticipated catastrophic individual loss or aggregate loss by stop loss coverage carried through Blue Cross Blue Shield. Stop loss coverage was in effect for claims exceeding \$50,000 per individual and \$858,128 in the aggregate.

Self-Insurance Liability	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
<u>2010</u>	<u>\$</u>	<u>-</u>
2010	\$	907,373
Claim Payment	Balance At Fiscal Year-End	Assets Available to Pay Claims at June 30
<u>\$</u>	<u>89,920</u>	<u>1,082,944</u>
817,453	89,920	1,082,944

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 3 – INTERFUND TRANSFERS

Interfund transfers within the reporting entity are substantially for the purpose of subsidizing operating functions, funding capital projects and asset acquisitions or maintaining debt service on a routine basis as authorized by Kansas statutes. **Unified School District No. 315 Colby, Kansas'** interfund transfers and statutory authority for June 30, 2010 were as follows:

From	To	Statutory Authority	Amount
General Fund	Special Education Fund	K.S.A. 72-6428	\$ 1,076,911
General Fund	Vocational Education Fund	K.S.A. 72-6428	170,918
General Fund	Bilingual Education Fund	K.S.A. 72-6428	15,000
General Fund	At Risk Fund (K-12)	K.S.A. 72-6428	517,147
General Fund	Contingency Reserve Fund	K.S.A. 72-6428	100,000
General Fund	Virtual Education Fund	K.S.A. 72-6428	500
Supplemental General Fund	At Risk Fund (K-12)	K.S.A. 72-6433	55,000
Supplemental General Fund	District Insurance Pool Fund	K.S.A. 72-6433	397,840
Supplemental General Fund	Vocational Education Fund	K.S.A. 72-6433	244,312
Supplemental General Fund	Special Education Fund	K.S.A. 72-6433	440,584
Supplemental General Fund	Drivers Education Fund	K.S.A. 72-6433	5,000
Supplemental General Fund	Food Service Fund	K.S.A. 72-6433	80,000
Supplemental General Fund	Virtual Education Fund	K.S.A. 72-6433	500
Supplemental General Fund	Professional Development Fund	K.S.A. 72-6433	27,733

NOTE 4 – LITIGATION

Unified School District No. 315 Colby, Kansas is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the District.

NOTE 5 – RISK MANAGEMENT

Unified School District No. 315 Colby, Kansas carries commercial insurance for risks of loss, including property, general liability, inland marine, automobile, umbrella, linebacker, and employee dishonesty. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 6 – GRANTS AND SHARED REVENUES

Unified School District No. 315 Colby, Kansas participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the District, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 7 – COMPARATIVE DATA

Comparative data for the prior year has been presented in Statement 3 in the accompanying financial statements in order to provide an understanding of changes in **Unified School District No. 315 Colby, Kansas'** cash and unencumbered cash balances. However, complete comparative data (presentation of prior year totals in Statement 1) has not been presented since their inclusion would make the statement unduly complex and difficult to read.

NOTE 8 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

K.S.A. 44-1030 states that contracts for construction, alteration, or repair of any public building or public work, or for the acquisition of materials, equipment, supplies, or services comply with the mandatory nondiscrimination provisions. The District did not include the mandatory nondiscrimination provisions in their contracts.

NOTE 9 – LONG-TERM DEBT

Unified School District No. 315 Colby, Kansas has the following types of long-term debt.

General Obligation Bond

On October 1, 2009, the District issued Series 2009 general obligation refunding bonds of \$2,010,000 (par value) with an interest rate of 2.50 – 3.00% to advance refund term bonds. The Series 2009 refunding bonds mature on September 1, 2013. The Series 2009 bonds were issued at a premium, and, after paying issuance costs of \$18,163, the net proceeds were \$2,034,334. The net proceeds from the issuance of the general obligation bonds were used to refund \$2,010,000 in Series 1999A bonds. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the District's financial statements. As a result of the advance refunding, the economic gain to the District (difference between the present value of the debt service payments on the old and new debt) was \$94,085.

Lease Obligations

The District has entered into a lease agreement with an option to purchase at the expiration of the lease terms. The lease contains a fiscal funding clause.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 9 - LONG-TERM DEBT (continued)

Changes in long-term liabilities for the District for the year ended June 30, 2010, were as follows:

Issue	Interest Rates	Date of Issue	Amount of Issue	Date of Final Maturity	Balance Beginning of Year	Additions	Reductions/ Payments	Net Change	Balance End of Year	Interest Paid
General Obligation Bonds										
Series 1999A Refunding	3.40-4.35%	2/01/99	\$ 4,505,000	9/01/13	\$ 2,475,000	-	2,475,000		-	60,870
Series 2009 Refunding	2.50-3.00%	10/1/09	2,010,000	9/01/13	-	2,010,000	-		2,010,000	23,084
Capital Lease										
Apple Computer Equipment	12.00%	6/30/07	\$ 298,972	10/01/10	151,454	-	73,629		77,825	8,629
Total Contractual Indebtedness										
					2,626,454	2,010,000	2,548,629		2,087,825	92,583
Compensated Absences					13,600			(320)	13,280	
Total Long Term Debt			\$		2,640,054	2,010,000	2,548,629	(320)	2,101,105	92,583

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Financial Statements
June 30, 2010

NOTE 9 - LONG-TERM DEBT (continued)

Current maturities of long-term debt and interest for the next four years are as follows:

	2011	2012	2013	2014	Total
Principal					
General Obligation Bond - Series 2009 Refunding	\$ 485,000	495,000	505,000	525,000	2,010,000
Apple Computer Lease	77,825	-	-	-	77,825
Total Principal	562,825	495,000	505,000	525,000	2,087,825
Interest					
General Obligation Bond - Series 2009 Refunding	49,338	37,087	23,325	7,875	117,625
Apple Computer Lease	4,434	-	-	-	4,434
Total Interest	53,772	37,087	23,325	7,875	122,059
Total Principal and Interest	\$ 616,597	532,087	528,325	532,875	2,209,884

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d)

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30, as a receipt for the school year ending on June 30. The following shows the revenue as required by these statutes.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

General Fund

Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	<u>Statutory Transactions</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,124,255	986,508	137,747
Delinquent Tax	15,538	10,537	5,001
Intergovernmental Revenues			
Equalization Aid	4,186,867	4,329,615	(142,748)
Special Education Aid	855,756	855,756	-
Other State Aid	3,420	-	3,420
Federal Aid - ARRA	303,784	303,784	-
Other Federal Aid	1,004	-	1,004
Reimbursements	10,261	-	10,261
Total Statutory Revenues	<u>6,500,885</u>	<u>6,486,200</u>	<u>14,685</u>
Expenditures			
Instruction	2,603,487	2,579,358	24,129
Student Support Services	100,930	135,553	(34,623)
Instructional Support Services	245,333	277,112	(31,779)
General Administration	200,436	201,145	(709)
School Administration	415,501	429,098	(13,597)
Operations and Maintenance	703,537	894,697	(191,160)
Student Transportation Services	256,030	289,180	(33,150)
Other Supplemental Services	95,155	115,895	(20,740)
Transfers Out	1,880,476	1,710,767	169,709
Adjustment to Comply with Legal Max	-	(146,605)	146,605
Legal General Fund Budget	6,500,885	6,486,200	14,685
(a) Adjustments for Qualifying Budget Credits	-	14,685	(14,685)
Total Expenditures and Legal General Fund Budget	<u>6,500,885</u>	<u>6,500,885</u>	<u>-</u>
Statutory Revenues Over (Under) Expenditures	-		
Modified Unencumbered Cash - Beginning	-		
Modified Unencumbered Cash - Ending	\$ -		
(a) Adjustment for Qualifying Budget Credits			
Reimbursements Over Amount Budgeted		\$ 10,261	
Other State Aid Over Amount Budgeted		3,420	
Other Federal Aid Over Amount Budgeted		1,004	
Total		<u>\$ 14,685</u>	

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Notes to Financial Statements

June 30, 2010

NOTE 10 - COMPLIANCE WITH K.S.A. 72-6417(d) AND K.S.A. 72-6434(d) (continued)

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS

Supplemental General Fund

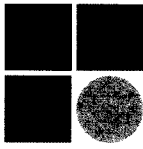
Statutory Revenues and Expenditures - Statutory and Budget

For the Year Ended June 30, 2010

	Statutory Transactions	Budget	Variance Over (Under)
Statutory Revenues			
Taxes and Shared Revenues			
Ad Valorem Tax	\$ 1,195,573	84,888	1,110,685
Delinquent Tax	19,138	12,518	6,620
Motor Vehicle Tax	168,219	147,256	20,963
Recreational Vehicle Tax	2,166	1,753	413
Excise Tax	437	-	437
Intergovernmental Revenue			
Equalization Aid	593,548	799,385	(205,837)
Federal Aid - ARRA	201,663	-	201,663
Total Statutory Revenues	2,180,744	1,045,800	1,134,944
Expenditures			
Instruction	368,871	624,143	(255,272)
Student Support Services	29,728	54,286	(24,558)
Instructional Support Services	220,212	407,646	(187,434)
General Administration	8,640	13,373	(4,733)
School Administration	64,818	101,908	(37,090)
Operations and Maintenance	142,544	255,467	(112,923)
Other Supplemental Services	44,208	58,167	(13,959)
Transfers Out	1,250,969	615,000	635,969
Total Expenditures and Legal	2,129,990	2,129,990	-
Supplemental General Fund Budget			
Statutory Revenues Over (Under) Expenditures	50,754		
Modified Unencumbered Cash - Beginning	86,886		
Modified Unencumbered Cash - Ending	\$ 137,640		

Unified School District No. 315 Colby, Kansas

Supplementary Information



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Education

Unified School District No. 315 Colby, Kansas
Colby, Kansas

We have audited the financial statements of **Unified School District No. 315 Colby, Kansas** as of and for the year ended June 30, 2010, and have issued our report thereon dated December 20, 2010. The report on the audited financial statements was adverse because it was not presented in conformity with accounting principles generally accepted in the United States of America; however, it was unqualified as presented on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the **Unified School District No. 315 Colby, Kansas'** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as noted as 10-A on page 52. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

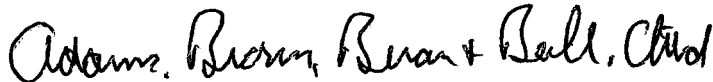
Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 315 Colby, Kansas'** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of **Unified School District No. 315, Colby, Kansas** in a separate letter dated December 20, 2010.

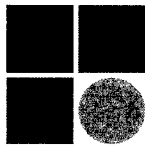
Unified School District No. 315 Colby, Kansas' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit **Unified School District No. 315, Colby, Kansas'** response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.
Certified Public Accountants

December 20, 2010



Certified
Public
Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Unified School District No. 315 Colby, Kansas
Colby, Kansas

Compliance

We have audited **Unified School District No. 315 Colby, Kansas'** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 315 Colby, Kansas'** major federal programs for the year ended June 30, 2010. **Unified School District No. 315 Colby, Kansas'** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of **Unified School District No. 315 Colby, Kansas'** management. Our responsibility is to express an opinion on **Unified School District No. 315 Colby, Kansas'** compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the *Kansas Municipal Audit Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards, the audit guide and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 315 Colby, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of **Unified School District No. 315 Colby, Kansas'** compliance with those requirements.

In our opinion, **Unified School District No. 315 Colby, Kansas** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of **Unified School District No. 315 Colby, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered **Unified School District No. 315 Colby, Kansas'** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control

over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 315 Colby, Kansas'** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities, and for filing with the Kansas Department of Administration, Division of Accounts and Reports, and is not intended to be and should not be used by anyone other than these specified parties.



ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

December 20, 2010

Unified School District No. 315 Colby, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Unqualified

Internal control over financial reporting

- Material weakness identified?
- Significant deficiency identified?
- Noncompliance material to financial statements noted?

_____	Yes	X	No
X	Yes	_____	None reported
_____	Yes	X	No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified?
- Significant deficiency identified?

_____	Yes	X	No
_____	Yes	X	None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?

_____	Yes	X	No
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Identification of major programs:

CFDA Number	Name of Federal Program
10.553	School Breakfast Program
10.555	National School Lunch Program
84.394	State Fiscal Stabilization Fund - Education States Grant, Recovery Act

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 300,000

Auditee qualified as low-risk auditee?

_____	Yes	X	No
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UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010

SECTION II – FINANCIAL STATEMENT FINDINGS

A. Significant Deficiency in Internal Control

10-A

Criteria

Client personnel responsible for the accounting and reporting function should have the necessary skills and knowledge to apply generally accepted accounting principles in recording the entity's financial transactions or when preparing financial statements.

Condition

Client personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles.

Effect

Financial transactions and financial statements may not properly reflect financial information in accordance with generally accepted accounting principles.

Cause

The District's employees are unable to obtain the training necessary to obtain these skills due to its size and financial resources.

Recommendation

Continual training of accounting personnel should be implemented to ensure financial transactions and financial statements are being presented as accurately as possible.

Views of responsible officials and planned corrective actions

The District is aware that personnel responsible for the accounting and reporting function do not have the necessary skills and knowledge to apply generally accepted accounting principles. However, due to the size and financial resources of the District, it would not be feasible to obtain the necessary training.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under OMB Circular A-133.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2010

An OMB Circular A-133 audit was not required for the year ended June 30, 2009.

Unified School District No. 315 Colby, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor/ Program Title	Federal CFDA Number	Agency or Pass Through Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through Kansas State Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	3529-3490 3490 9904	\$ 12,967
National School Lunch Program	10.555	3530-3500 3500 9902/12	153,441
Total Child Nutrition Cluster			166,408
State Administrative Expenses for Child Nutrition	10.560	3230-3020 R201	200
Total U.S. Department of Agriculture			166,608
U.S. Department of Education			
Passed Through Kansas State Department of Education			
Title I, Part A Cluster			
Title I Grants to Local Educational Agencies	84.010	3532-3520 3520	125,178
Title I Grants to Local Education Agencies - Carry Over	84.010	3532-3520 3520	9,075
ARRA - Title I Grants to Local Educational Agencies - Recovery Act	84.389	3532-3525 3525	33,240
Total Title I, Part A Cluster			167,493
State Fiscal Stabilization Fund Cluster			
State Fiscal Stabilization Fund - Education			
State Grants - Recovery Act	84.394	3790-3790 3790	505,447
Education Technology State Grants Cluster			
Education Technology State Grants	84.318	3233-3040 3040 9962	838
ARRA - Education Technology State Grant - Recovery Act	84.386	3233-3044 3044 9964	2,119
ARRA - Education Technology State Grant - Recovery Act	84.386	3233-3044 3044 9965	70,000
Total Education Technology State Grants Cluster			72,957
Improving Teacher Quality State Grants			
Improving Teacher Quality State Grants	84.367	3526-3860 3860	39,041
Improving Teacher Quality State Grants - Carryover	84.367	3526-3860 3860	13,239
Improving Teacher Quality State Grants	84.367	3527-3870 5000 U848	204
Total Improving Teacher Quality State Grants			52,484
Career and Technical Education - Basic Grants to States	84.048	3539-3590 3590 9920/22	45,246
School Preparedness	84.302	3056-3200 U875	750
Safe and Drug-Free Schools and Communities	84.186	3795-3100 3100 1000	3,044
Data Use Grant	84.372	3592-3070 N083	800
Passed Through Northwest Kansas Educational Service Center			
Special Education - Grants to States - Recovery Act	84.391	3234-3055	52,326
Total U.S. Department of Education			900,547
Total Expenditures of Federal Awards			\$ 1,067,155

See accompanying notes to schedule of expenditures of federal awards.

UNIFIED SCHOOL DISTRICT NO. 315 COLBY, KANSAS
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 315 Colby, Kansas**, and is presented on the basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Kansas, which is a comprehensive basis of accounting other than generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.